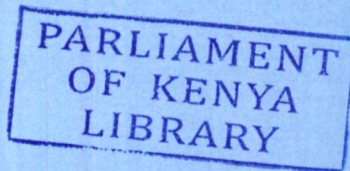


REPUBLIC OF KENYA



*Paper laid by
leader of Majority
Party
Thursday 2/8/2018*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KISAUNI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**

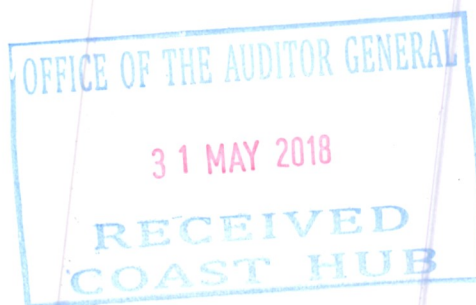


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KISAUNI
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – KISAUNI
CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (NG -CDF)* was set up under the NG -CDF Act, 2003 now repealed by the NG -CDF Act, 2015. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*.

(b) Key Management

The *Kisauni Constituency's* day-to-day management is under the following key organs:

- i. National Government - Constituencies Development Fund Board (NG -CDFB)
- ii. National Government - Constituency Development Fund Committee (NG -CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Monica Mwai
3.	Accountant	Sospeter Mugho

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG -CDF Board provide overall fiduciary oversight on the activities of Kisauni Constituency. The reports and recommendation of ARMC when adopted by the NG -CDF Board are forwarded to the National Government - Constituency Development Fund Committee (NG -CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) KISAUNI NG -CDF Headquarters

P.O. Box 87910 - 80100

Opp. Jocham Hospital

Karisa Maitha Road

Mombasa, KENYA

(f) KISAUNI NG -CDF Contacts

Telephone: 020-2630946
E-mail: cdfkisauni@gmail.com
Website: www.kisauni.cdf.go.ke

(g) KISAUNI NG -CDF Bankers

1) Co-operative Bank
Kongowea Branch
A/C 01141547656500
P.O. Box 87910-80100
Mombasa

(h) Independent Auditors

Office of the Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

Office of the Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
GPO 00100
Nairobi, Kenya

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT
FUND COMMITTEE (NG -CDFC)**

I hereby present this financial statement for the FY 2016 – 2017.

We have had a record of progression and achievements over the years in terms of allocated funding and Implementation of projects.

Some of our achievements are in Education sector mostly bursary disbursements to various institutions. Our key projects are Junda (Bedzimba) Primary School, Digirikani Primary and Voroni Primary School.

In Roads, various roads have been cabro paved, improving accessibility, drainage and aesthetic value. These roads include Utalii – Mkoroshoni, Chief – Mantingasi road, Bakarani – Mskitini road and Grading & murram of various roads.

In Water Sectors we also have major projects of boreholes and Soak pits in various Wards.

Another major one is in Security where we have done High Mast Lighting in all Wards which has highly helped in curbing insecurity in those areas.

On emerging issues we have challenges with devolved projects like Health sector when it comes to handing over of such projects.

We hope our achievements can be easily confirmed.


CHAIRMAN -NG -CDFC

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND- KISAUNI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

III. STATEMENT OF NG -CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government - Constituency Development Fund shall prepare financial statements in respect of that Fund. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the *Kisauni NG -CDF* is responsible for the preparation and presentation of the *Fund* financial statements, which give a true and fair view of the state of affairs of the *Fund* for and as at the end of the financial year 2016-17 ended on June 30th 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund;; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *Kisauni NG -CDF* accepts responsibility for the *Fund's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *Fund's* financial statements give a true and fair view of the state of *Fund's* transactions during the financial year ended June 30, 2017, and of the *NG -CDF's* financial position as at that date. The Accounting Officer in charge of the *Fund* further confirms the completeness of the accounting records maintained for the *Fund*, which have been relied upon in the preparation of the *Fund's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *Kisauni NG -CDF* confirms that the Fund has complied fully with applicable Government Regulations), and that the funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *Fund's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Fund's financial statements were approved and signed by the Accounting Officer on 21/8/17 2017.

Chairman- NG -CDFC..... Fund Account Manager.....

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KISAUNI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kisauni Constituency set out on pages 6 to 25, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation- recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Kisauni Constituency as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituency Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Mater sections of my report, based on the procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Bank Balances

The statement of financial assets reflects bank balance of Kshs.2,464,820 as at 30 June 2017. However, included in unrepresented cheques of Kshs.1,927,135 in the bank reconciliation statement are seventy-one (71) cheques amounting to Kshs.1,702,135 which were stale and which had not been reversed in the cash book as at 30 June 2017. In addition, the bank reconciliation statement reflected bank charges of

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Kisauni Constituency for the year ended 30 June 2017

Kshs.31,745 as reconciling items. It was not clear why these were treated as reconciling items instead of writing them off as expenses in these financial statements. Consequently, the accuracy and completeness of bank balance of Kshs.2,464,820 could not be confirmed.

2. Transfers to Other Government Units

The statement of receipts and payments reflects a figure of Kshs.51,767,380 in respect of transfers to other government units as detailed in Note 6 to the financial statements for the year ended 30 June 2017. Audit verifications revealed the following anomalies:

2.1. Construction of Kashani Secondary School

Included in transfers to secondary schools figure of Kshs.48,046,835 is a disbursement of Kshs.38,039,835 for the construction of Kashani Secondary School. However, records availed for audit verification indicate that a firm awarded tender was not an incorporated company although according to the tender advert, the bidders were supposed to be incorporated firms. In addition, the tender advert also required the bidders to submit a 2% tender security. However, there was no evidence availed for audit to confirm that the awarded firm submitted this tender security. It was not clear why the bidder was not declared non-responsive in line with Section 79 (1) of the Public Procurement and Asset Disposal Act, 2015 which states that, "a tender is responsive if it conforms to all the eligibility and other mandatory requirements in the tender documents". Therefore, the bid was not supposed to have been allowed to proceed to tender evaluation stage.

Further, there was no evidence availed for audit to confirm that technical evaluation was undertaken after preliminary evaluation contrary to Section 80 (2) of the Public Procurement and Asset Disposal Act, 2015, which states that "*the evaluation and comparison shall be done using the procedures and criteria set out in the tender documents*". It was therefore not clear how the firm's technical ability was determined before award of tender.

As a result, the public may not have realized value for money on the expenditure of Kshs.38,039,835 for the year ended 30 June 2017 due to lack of competitiveness.

2.2. Project Supervision

Records availed for audit verifications indicate that during period under audit, the National Government Constituencies Development Fund – Kisauni Constituency contracted a firm to prepare bills of quantities, drawings and provide project management for construction contracts at a rate of 4% of the project cost. However, the procurement was done through request for quotations instead of using request for proposals in line with Section 116 (1 a & b) of the Public Procurement and Asset Disposal Act, 2015 which states that, "*An accounting officer of a procuring entity may use a request for proposals for a procurement if the procurement is of services or a*

combination of goods and services; and the services to be procured are advisory or otherwise of a predominately intellectual nature". As a result, the management was in breach of the law.

Consequently, the propriety and regularity of transfers to other government entities figure of Kshs.51,767,380 for the year ended 30 June 2017 could not be confirmed.

2.3 Unremitted Taxes

The statement of receipts and payments for year ended 30 June 2017 reflects a figure of Kshs.51,767,380 in respect of transfers to other government units. The transfers to other government units relate to disbursements to undertake various construction projects. However, there was no evidence of Withholding taxes being deducted from contractors and remitted to Kenya Revenue Authority contrary to Section 42A (4-C) of the Tax Procedures Act, 2015 which provides that a person who is required to withhold tax commits an offence if the person fails to withhold the whole amount of the tax which should have been withheld or fails to remit the amount of the withheld tax to the Commissioner by the twentieth day of the month following that in which the deduction was made. As a result, the management did not comply with the income tax requirements and possible fines and penalties accruing due to non-compliance was not provided for in these financial statements.

Consequently, the management is in breach of the law and effects of non-compliance with the income tax laws could not be ascertained for the year ended 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Kisauni Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Controls and Performance

According National Government Constituencies Development Fund Board's appropriation, Kisauni Constituency had a final budget of Kshs.114,406,163 where

Kshs.102,995,826 being 90% of the total budget was allocated to projects (transfers to other government units of Kshs.52,586,197 and other grants and transfers of Kshs.50,409,629.

The overall budget for the year under review was Kshs.114,406,163 against total expenditure of Kshs.111,941,343 resulting to under absorption of Kshs.2,464,820 or 2% as summarized below:

Budget line	Final Budget	Expenditure	Unspent Balance	% of Utilization
Compensation of Employees	3,796,475	3,782,740	13,735	99.6%
Use of goods and services	7,613,861	7,577,101	36,760	99.5%
Transfers to Other Government Units	52,586,197	51,767,380	818,817	98.4%
Other grants and transfers	50,409,629	48,814,121	1,595,508	96.8%
Total	114,406,162	111,941,342	2,464,820	98%

The fund had a total under-expenditure of Kshs.2,464,820 representing 2% of the budget. This implies that public funds were lying idle at the expense of other deserving areas. This may affect delivery of goods and services to the residents of Kisauni Constituency contrary to values and principles of public service as provided for under Article 232 (1- c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

2.0 Project Implementation

According to the project implementation status report as at 30 June 2017, the following eleven (11) projects with a total budget of Kshs.9,374,155 were not implemented during the period under review:

No.	Name of project	Project Activity	Project Allocation (Kshs.)	Expenditure as at 30/06/2017 (Kshs.)	Implementation status as at 30/6/2017
1	Social security	To cater for medical insurance for the vulnerable members of the community in the constituency	8,189,655	0	0%

No.	Name of project	Project Activity	Project Allocation (Kshs.)	Expenditure as at 30/06/2017 (Kshs.)	Implementation status as at 30/6/2017
2	Kiembeni Primary School	Purchase of 25 pcs 3 seater pupils desks	92,500	0	0%
3	Digirikani Primary School	Purchase of 25 pcs 3 seater pupils desks	92,500	0	0%
4	Majaoini Primary School	Purchase of 25 pcs 3 seater pupils desks	92,500	0	0%
5	Baraka Primary School	Purchase of 45 pcs 3 seater pupils desks	92,500	0	0%
6	Bedzimba Primary School	Purchase of 45 pcs 3 seater pupils desks	166,500	0	0%
7	Shimo La Tewa Primary School	Purchase of 45 pcs 3 seater pupils desks	92,500	0	0%
8	Concordia Primary School	Purchase of 45 pcs 3 seater pupils desks	92,500	0	0%
9	Kisauni Baptist Primary School	Purchase of 45 pcs 3 seater pupils desks	92,500	0	0%
10	Marimani Secondary School	Purchase of 25 pcs locker and chair	142,500	0	0%
11	Kashani Secondary School	Purchase of 25 pcs locker and chair	228,000	0	0%
	Total		9,374,155	0	

It was not clearly explained why the projects were not implemented although the National Government Constituencies Development Fund – Kisauni Constituency received full amount due from National Government Constituencies Development Funds Board as per the approved budget.

Non-implementation of development projects affects goods and service delivery to the public and the intended purpose of the projects may not to be realized.

3.0 Project Inspection

Audit inspection of projects during the month of April 2018 indicated the following state of affairs of the following specific projects:-

3.1 Kashani Secondary School

- i. The contractor was not on site although there was no evidence that the project had been officially handed over;
- ii. Students had not enrolled in the school and information available indicates that the delay was due to process of registering the school with the Ministry of Education;
- iii. There were deep gulleys formed behind the building implying storm waters were not being properly managed;
- iv. The sockpit was flooded with rain water despite it not being used thus posing a health risk to the user;
- v. Electricity had not been connected to the building and records availed for audit revealed that the power application had been paid;
- vi. Comparison of the items as bills of quantities and actual work done revealed the following variances:

No.	BoQ No.	Item	Specifications as per BoQ	Audit Verification
1	4(Page 6)	Panel door	Hardwood doors	Soft wood doors
2	5(page 8)	1500x1500 mm Windows	Aluminum Sliding windows	Ordinary grill windows
3	Part B	1500x800 mm Windows	Aluminum Sliding windows	Ordinary grill windows
4	Part C	600x800 mm Windows	Aluminum Sliding windows	Ordinary grill windows
5	Part E	1,500 x 1,500 Grills	Diamond patterned Y16	No grills fixed
6	No. 7 (Page 10) – Part D	Interior Painting and decoration of	1,237 ltrs Oil paint	Half of the wall painted with non-oil paint
7	Part E	Exterior Painting and decoration of	470 ltrs Oil paint	Half of the wall painted with non-oil paint

However, there was no evidence presented to support change of the above project specifications. In the circumstances, the public may not have realized value for money from the above change of specification.

3.2 Tree Planting Project

Included in other grants and transfers of Kshs.48,814,121 for the year ended 30 June 2017 as detailed in Note 7 to the financial statements is a figure of Kshs.1,637,931 in respect of environment. Records availed for audit verification indicate that during the financial year National Government Constituency Development Fund Committee - Kisauni Constituency spent Kshs.1,637,931 on tree planting in various schools. However, during the project verification, it was observed that most of the casuarina trees planted had failed although the management has attributed the situation to unreliable rains in the area. Therefore, the public may not have realized value for money from the expenditure of Kshs.1,637,931 in respect of environment projects for the year ended 30 June 2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the National Government Constituencies Development Fund – Kisauni Constituency's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists.


Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the National Government Constituencies Development Fund – Kisauni Constituency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Government Constituencies Development Fund – Kisauni Constituency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituencies Development Fund – Kisauni Constituency's to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA. EDWARD R.O.OUKO, CBS
AUDITOR-GENERAL

Nairobi

06 July 2018

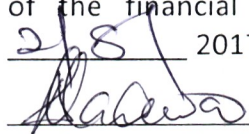
**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND- KISAUNI
CONSTITUENCY**


**Reports and Financial Statements
For the year ended June 30, 2017**

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	86,396,551.70	100,307,803.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		86,396,551.70	100,307,803.00
PAYMENTS			
Compensation of employees	4	3,782,740.10	2,960,565.22
Use of goods and services	5	7,577,101.94	6,061,600.20
Transfers to Other Government Units	6	51,767,380.00	40,168,148.59
Other grants and transfers	7	48,814,121.00	42,992,642.80
Acquisition of Assets	8	-	-
Other Payments	9	-	19,742,420.00
TOTAL PAYMENTS		111,941,343.04	111,925,376.81
SURPLUS/DEFICIT		(25,544,791.34)	(11,617,573.81)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisauni NG-CDF financial statements were approved on 26/8/2017 2017 and signed by:


Chairman - NG -CDFC

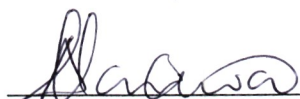

Fund Account Manager

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND- KISAUNI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

II. STATEMENT OF FINANCIAL ASSETS			
	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	2,464,820.30	27,926,611.64
Cash Balances (cash at hand)	10B	-	83,000.00
Outstanding Imprests	10C	-	-
TOTAL FINANCIAL ASSETS		2,464,820.30	28,009,611.64
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	28,009,611.64	40,553,323.00
Surplus/Deficit for the year		(25,544,791.34)	(11,617,573.81)
Prior year adjustments	12	-	(926,137.55)
NET LIABILITIES		2,464,820.30	28,009,611.64

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisauni NG -CDF financial statements were approved on 2/8/ 2017 and signed by:


Chairman - NG -CDFC


Fund Account Manager

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND- KISAUNI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

VII. STATEMENT OF CASHFLOW

CASHFLOW STATEMENT		2016-2017	2015-2016
Receipts for operating income		Kshs	Kshs
Transfers from CDF Board	1	86,396,551.70	100,307,803.00
Other Receipts	3	-	-
		86,396,551.70	100,307,803.00
Payments for operating expenses			
Compensation of Employees	4	3,782,740.10	2,960,565.22
Use of goods and services	5	7,577,101.94	6,061,600.20
Transfers to Other Government Units	6	51,767,380.00	40,168,148.59
Other grants and transfers	7	48,814,121.00	42,992,642.80
Other Payments	8	-	19,742,420.00
Adjusted for:			
Adjustments during the year		-	926,137.55
Net cash flow from operating activities		(25,544,791.34)	(12,543,711.36)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(25,544,791.34)	(12,543,711.36)
Cash and cash equivalent at BEGINNING of the year	15	28,009,611.64	40,553,323.00
Cash and cash equivalent at END of the year	16	2,464,820.30	28,009,611.64

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

Reports and Financial Statements
For the year ended June 30, 2017

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,551.70	32,509,611.64	114,406,163.34	114,406,163.34	-	100%
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	3,216,475.10	580,000.00	3,796,475.10	3,782,740.10	13,735.00	99.6%
Use of goods and services	4,154,214.60	3,459,647.00	7,613,861.60	7,577,101.94	36,759.66	99.5%
Transfers to Other Government Units	42,586,197.00	10,000,000.00	52,586,197.00	51,767,380.00	818,817.00	98.4%
Other grants and transfers	31,939,665.00	18,469,964.64	50,409,629.64	48,814,121.00	1,595,508.64	96.8%
Acquisition of Assets						
Other Payments						
TOTALS	81,896,551.70	32,509,611.64	114,406,163.34	111,941,343.04	2,464,820.30	97.8%

The Kisauni NG -CDF financial statements were approved on 2/8/17 2017 and signed by:


Chairman NG -CDF


Fund Account Manager

IX. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *Fund*.

2. Recognition of revenue and expenses

The *Fund* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *Fund*. In addition, the *Fund* recognises all expenses when the event occurs and the related cash has actually been paid out by the *Fund*.

3. In-kind contributions

In-kind contributions are donations that are made to the *Fund* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Fund* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are

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readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *Fund* at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *Fund* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *Fund* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017

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I. NOTES TO THE FINANCIAL STATEMENTS				
GFS CODES			-	
1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
		A829616	4,094,827.60	30,000,000.00
1330407	Normal Allocation	A839568	4,500,000.00	20,000,000.00
		A839603	36,853,449.00	27,000,000.00
		A855186	40,948,275.10	23,307,803.00
			-	-
			-	-
			-	-
			-	-
1330408	Conditional grants		-	-
			-	-
1330409	Receipt from other Constituency		-	-
	TOTAL		86,396,551.70	100,307,803.00
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
3510000	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
3510202	Receipts from the Sale of Buildings		-	-
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-
3510801	Receipts from the Sale Plant Machinery and Equipment		-	-
3510803	Receipts from the Sale of office and general equipment		-	-
			-	-
			-	-

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		Total		
1400000	3 OTHER RECEIPTS			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
1410107	Interest Received		-	-
1410405	Rents		-	-
1420601	Sale of tender documents		-	-
1450207	Other Receipts Not Classified Elsewhere (specify)		-	-
	Total		-	-
2110000	4 COMPENSATION OF EMPLOYEES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2110201	Basic wages of contractual employees		2,254,061.60	1,800,122.42
2110202	Basic wages of casual labour		85,000.00	91,000.00
	Personal allowances paid as part of salary		-	-
2110301	House allowance		-	-
2110314	Transport allowance		-	-
2110320	Leave allowance		-	-
2110320	Employer contribution to NSSF		22,751.50	11,000.00
2110326	Other personnel payments- Employees insurance		1,000,660.00	-
2710120	gratuity		420,267.00	1,058,442.80
	Total		3,782,740.10	2,960,565.22

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2200000 5 USE OF GOODS AND SERVICES				
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2210100	Utilities, supplies and services		96,243.00	34,764.00
2210104	Office rent		276,000.00	276,000.00
2210200	Communication, supplies and services		338,000.00	-
2210300	Domestic travel and subsistence		180,180.00	-
2210500	Printing, advertising and information supplies & services		63,050.00	-
2210600	Rentals of produced assets			-
2210700	Training expenses		600,000.00	-
2210802	Other committee expenses		1,749,320.00	929,511
2210809	Committee allowance		3,088,400.00	4,629,350.00
2210800	Hospitality supplies and services		75,532.00	-
2210900	Insurance costs			-
2211000	Specialised materials and services		8,088.04	-
2211100	Office and general supplies and services		473,737.00	-
2211200	Fuel ,oil & lubricants		8,700.00	153,249.00
2211300	Other operating expenses-Bank charges		38,824.05	-
2220100	Routine maintenance – vehicles and other transport equipment			38,726.20

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2220200	Routine maintenance – other assets-Repairs		581,027.85	-
	Total		7,577,101.94	6,061,600.20
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2630204	Transfers to primary schools		3,720,544.40	14,760,148.59
2630205	Transfers to secondary schools		48,046,835.60	25,200,000.00
2630206	Transfers to Tertiary institutions		-	208,000.00
2630207	Transfers to Health institutions		-	-
	TOTAL		51,767,380.00	40,168,148.59
2640000	7 OTHER GRANTS AND OTHER PAYMENTS			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2640101	Bursary -Secondary		24,068,000.00	11,437,342.00
2640102	Bursary -Tertiary		20,463,900.00	434,000.00
2640104	Bursary-Special schools		165,000.00	135,000.00
2640105	Mocks & CAT		-	864,000.00
2640504	water		454,000.00	4,308,844.00
2640505	Agriculture (market /boda boda sheds)		-	-
2640506	Electricity projects		-	-
2640507	Security		-	3,789,100.00
2640508	Roads		387,359.00	17,832,043.60

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2640509	Sports		1,637,931.00	2,096,156.20
2640510	Environment		1,637,931.00	2,096,156.00
2640510	Other capital grants and transfer		-	-
2640200	Emergency Projects (specify)		-	-
	Total		48,814,121.00	42,992,641.80
3100000	8 ACQUISITION OF ASSETS			
	<u>Non Financial Assets</u>		2016 - 2017	2015 - 2016
			Kshs	
3110102	Purchase of Buildings		-	-
3110202	Construction of Buildings		-	-
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of Office furniture and fittings		-	-
3111002	Purchase of computers, printers and other IT equipments		-	-
3111005	Purchase of photocopier		-	-
3111009	Purchase of other office equipments		-	-
3111112	Purchase of software		-	-
3130101	Acquisition of Land		-	-
	OTHERS- STRATEGIC PLAN		-	-
	Total		-	-

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Total			-	-
	9		2016 - 2017	2015 - 2016
AIE REFUNDED BACK	Other Payments		-	19,742,420.00
specify			-	-
specify			-	-
TOTAL			-	19,742,420.00
10A: Bank Balances (cash book bank balance)				
Name of Bank, Account No. & currency			2016 - 2017	2015 - 2016
	Account Number		Kshs (30/6/2017)	Kshs (30/6/2016)
<i>Co-operative Bank Kongowea Branch</i>	<i>A/C No. 01141547656500</i>		2,464,820.30	27,926,611.64
			-	-
			-	-
			-	-
Total			2,464,820.30	27,926,611.64
10B: CASH IN HAND)				
			2016 - 2017	2015 - 2016
			Kshs (30/6/2016)	Kshs (30/6/2015)
Location 1			-	83,000.00
Location 2			-	-
Location 3			-	-
Other receipts (specify)			-	-

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				-
	Total		-	83,000.00
			<i>[Provide cash count certificates for each]</i>	
10C: OUTSTANDING IMPRESTS				
	<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>
		<i>Date imprest taken</i>	<i>Kshs</i>	
	MONICAH MWAI	30/06/2017	-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
11 BALANCES BROUGHT FORWARD				
			2016 - 2017	2015 - 2016
			Kshs (1//7/2017)	Kshs (1//7/2016)
	Bank accounts		27,926,611.64	40,378,522.00
	Cash in hand		83,000.00	174,801.00
	Imprest		-	-
	Total		28,009,611.64	40,553,323.00
		<i>[Provide short appropriate explanations as necessary]</i>		
	12			
PRIOR YEAR ADJUSTMENTS				
			2016 - 2017	2015 - 2016

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	Amounts due to other Government entities (see attached list)		Kshs	Kshs
	Amounts due to other grants and other transfers (see attached list)		-	-
	Others (specify)		-	-
			-	-
ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE				
	Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date
		a	b	
	Construction of buildings			
	1.			
	2.			
	3.			
	Sub-Total			
	Construction of civil works			
	4.			
	5.			
	6.			
	Sub-Total			
	Supply of goods			
	7.			
	8.			
	9.			
	Sub-Total			
	Supply of services			
	10.			
	11.			
	12.			

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	Sub-Total			
	Grand Total			
ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES				
	Name of Staff		Original Amount	Date Payable Contracted
		Job Group	a	
	Senior Management			
	1.			
	2.			
	3.			
	Sub-Total			
	Middle Management			
	4.			
	5.			
	6.			
	Sub-Total			
	Unionisable Employees			
	7.			
	8.			
	9.			
	Sub-Total			
	Others (specify)			
	10.			
	11.			
	12.			
	Sub-Total			
	Grand Total			
ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES				

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For the year ended June 30, 2017

	Name	Brief Transaction Description	Original Amount	Date Payable Contracted
			a	b
	Amounts due to other Government entities			
	1.			
	2.			
	3.			
	Sub-Total			
	Amounts due to other grants and other transfers			
	4.			
	5.			
	6.			
	Sub-Total			
	Others (specify)			
	7.			
	8.			
	9.			
	Sub-Total			
	Grand Total			

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2016 - 2017	2015 - 2016
Land	-	-
Buildings and structures	-	-
Transport equipment	79,500.00	79,500.00

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Office equipment, furniture and fittings	386,980.00	386,980.00	
ICT Equipment, Software and Other ICT Assets	519,795.00	519,795.00	
Other Machinery and Equipment	347,960.00	347,960.00	
Heritage and cultural assets			
Intangible assets	-	-	-
Total	1,334,235.00	1,334,235.00	-

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance	Bank Balance
			2016/17	2015/16
BARAKA PRIMARY SCHOOL (VORONI)	ABC	2151001902	1,100.55	
JUNDA PRIMARY SCHOOL	ABC	2151001900	1,089,297.15	
KIEMBENI BASKETBALL COURT	CO-OPERATIVE	1141547541500	4,324.70	4324.70
KISAUNI CDF ENVIRONMENT PROJECT	CO-OPERATIVE	1141547544500	1,049.55	149518.55
KISAUNI CDF BAMBURU BOREHOLE	CO-OPERATIVE	1141547516700	3.10	4782.50
KISAUNI CDF JUNDA BORE	CO-OPERATIVE	1141547555800	3,100	29142.5
KISAUNI CDF MAGOGONI BOREHOLE	CO-OPERATIVE	1141547555600	1,626.00	1626
KISAUNI CDF MJAMBERE BOREHALL	CO-OPERATIVE	1141547555500	4187.50	230
KISAUNI CDF MTOPANGA BOREHOLE	CO-OPERATIVE	1141547558500	18,610.50	18610.50
KISAUNI CDF SHANZU BOREHOLE	CO-OPERATIVE	1141547558800	4842.5	4842.5
BEDZIMBA PRIMARY ECD UNIT	CO-OPERATIVE	1141577263000	2,230.45	450283
MAJAONI PRIMARY SCHOOL	CO-OPERATIVE	1141577380000	42,699.65	42699.65
MTOPANGA PRIMARY SCHOOL	CO-OPERATIVE	1141577380100	74,931.65	1135173.20


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ROAD PROJECT ACCOUNT	FAMILY	92000007159	1,461,162.6	1,631,239.60
CONCORDIA PRIMARY SCHOOL	KCB	1137249080	11,233.05	
DIGIRIKANI NURSERY (PRI)SCHOOL	KCB	1106502574	540,376.15	
HASSAN JOHO GIRLS SECONDARY	KCB	1115423185	686,236	2518.65
JUNDA DISPENSARY	KCB	1106506685	61,985.80	61985.8
MAUNGUJA PRIMARY SCHOOL	KCB	1114654779	100.40	100.40
MAUNGUJA YOUTH POLYTECHNIC	KCB	1118617312	688.10	688.10
MJAMBERE (MSHOMORONI) DRAINAGE	KCB	1114654248	207,954.05	438435.8
MJAMBERE /JUNDA DRAINAGE	KCB	1117174794	283,925.00	283925
SCHOOL DESKS & CHAIRS	KCB	1117915581	7,217.7	217.7
SHIMO LA TEWA PRIMARY SCHOOL	KCB	1124080570	249.10	249.10
SHIMO LA TEWA SECONDARY SCHOOL	KCB	1106507444	654,808.75	146900
URBAN MAST LIGHTING –KCDF	KCB	1121812260	982,179.45	982,179.45
VORONI WATER TANK	KCB	1131502116	36,659.55	69,819.95
CONSTITUENCY SPORTS	CO-OPERATIVE	1141577422500	14,433.85	3,492.55
KASHANI SECONDARY	CO-OPERATIVE	1141577451800	11,641917.70	2,0067,347.5
KIEMBENI PRIMARY	CO-OPERATIVE	1129577451400	404,425.90	133,969.60
MARIMANI SECONDARY	CO-OPERATIVE	1129577451500	207,318.6	4,066,877
MDENGEREKENI PRIMARY	CO-OPERATIVE	114154336900	90.00	
Total			18,450,875.05	

The Kisauni NG -CDF financial statements were approved on 2/8/17 2017 and signed by:


Chairman NG -CDF


Fund Account Manager

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KISAUNI
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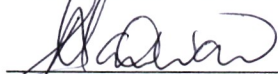
For the year ended June 30, 2017


PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
ISA/KISAUNI NG-FC/2015-16(3)	Inaccuracies in the Summary statement of appropriation	The financial statements were amended and a true copy given to the office of the auditor general	Monica Mwai (Funds Accounts Manager)	resolved	28 th April 2017
	Presentation of the financial statements	The financial statements were amended and a true copy given to the office of the auditor general	Monica Mwai (Funds Accounts Manager)	resolved	28 th April 2017

The Kisauni NGCDF financial statements were approved on 2nd August 2017 and signed by:


Chairman NGCDF


Fund Account Manager